

# WorkFirst

## Washington's Welfare-to-Work Program

Reexamination Workgroup Briefing

Presentation by  
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June 29, 2005

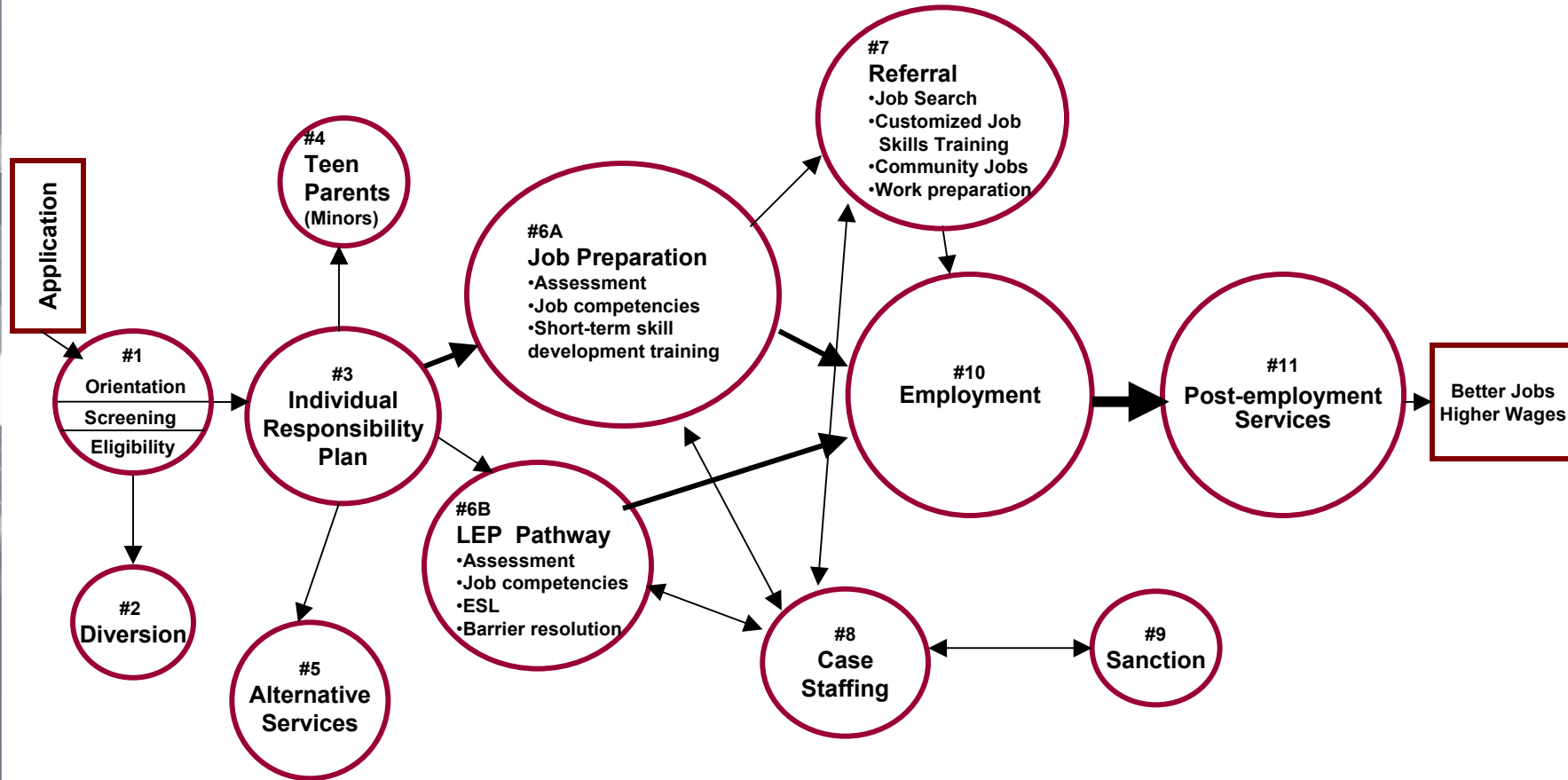
## Background

- In 1935 as part of the New Deal, a national welfare system was established to support children in single-parent families
- System expanded rapidly in the 1970s and 1980s as the number of single-parent families took off
- Fundamental reform began in 1996 with the federal Personal Responsibility and Work Opportunity Reconciliation Act and in 1997 in Washington State with the enactment and implementation of WorkFirst

## Key Elements of WorkFirst

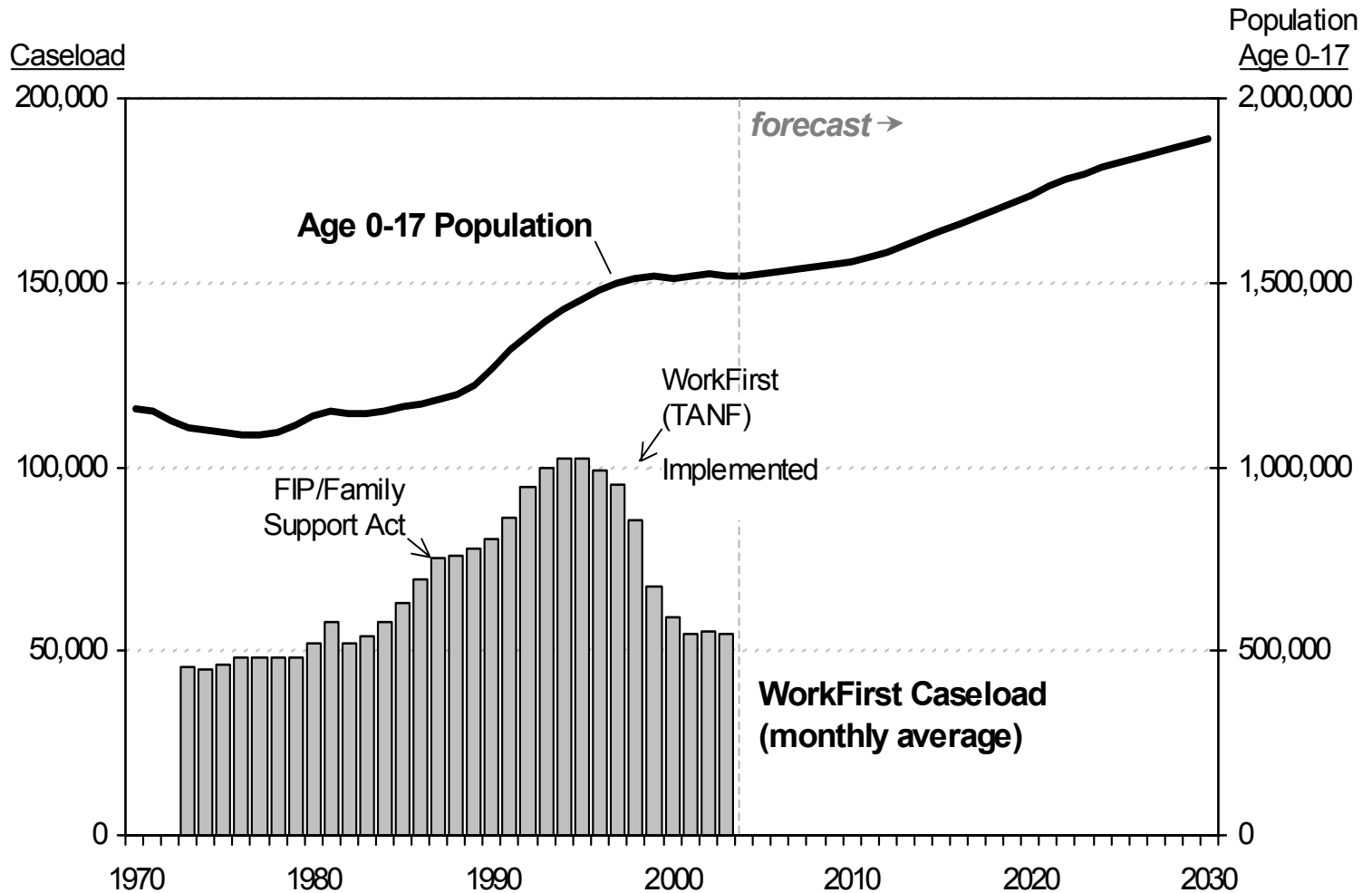
- Eliminated the entitlement to public assistance (RCW 74.08.340)
- Established key outcomes for the program (RCW 74.08A.410)
  - Caseload reduction
  - Recidivism to caseload after two years
  - Job retention
  - Earnings
  - Reduction in average grant through increased recipient earnings
  - Placement of recipients into private sector, unsubsidized jobs
- Provided the Executive Branch with the authority “to expend funds...in any manner that will effectively accomplish the outcome measures...” (RCW 74.08A.340)
- Established the principles that work pays better than welfare and essential supporting services such as child care will be available

## Participant Flow



The WorkFirst program serves low-income families (with income at or below 175% of the federal poverty level) who receive TANF/SFA cash assistance. It also provides services to applicants and former TANF recipients to help them remain off assistance. Families who receive cash assistance must work, look for work or prepare for work or face financial penalties (called sanctions). This chart shows 11 stages in moving participants from cash assistance to self-sufficiency. Native American parents may also receive additional services from their tribal government. Few participants will go through all 11 stages; our experience shows that they find jobs at any of the stages.

## Welfare Caseload



## Results of WorkFirst

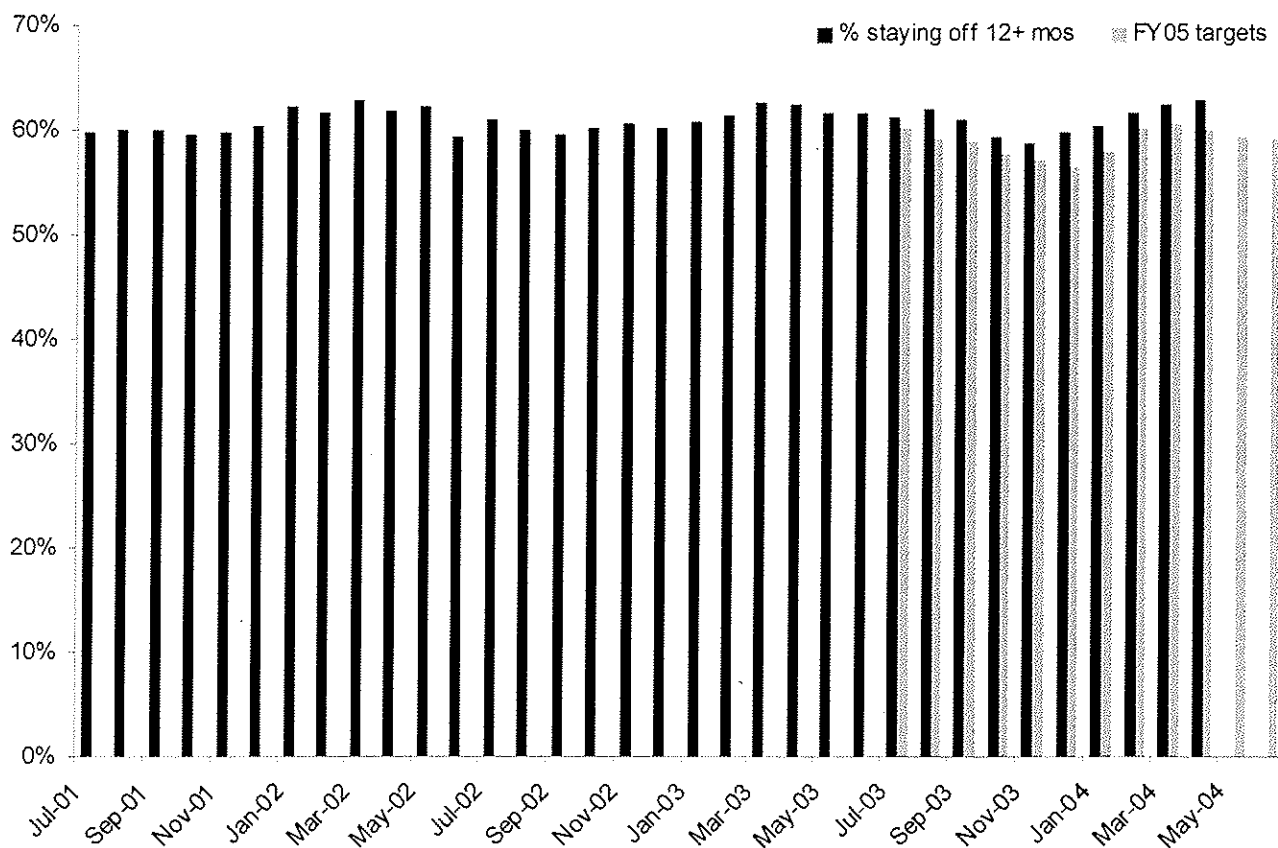
- More than 153,000 families have left welfare and stayed off.
- Caseload has dropped 41 percent, from nearly 96,000 in 1997 to about 57,000 in 2005.
- Less than 2.3 percent of Washington's population receives welfare benefits – the lowest level in more than 30 years.
- State spending on welfare grants has been cut by more than 40 percent, going from \$477 million in 1998 to \$276 million for state Fiscal Year 2004.
- Funds available to help working families pay for child care have been tripled, now totaling more than \$281 million annually. Child care help is available to all low-income, working parents – a family of three earning up to about \$2,680 per month.
- Job training for welfare recipients at two-year colleges has been transformed and new training opportunities opened up to low-income workers.
- The largest transitional jobs effort in the country was established – 11,000 parents have been served since 1998 by the Community Jobs program.

## **Current Performance Summary, An Illustration**

- Long-term exits from TANF
- Jobs leading to exits from TANF
- Parents with increased earnings

## WorkFirst Measure 2: Long-term Exits from Welfare (TANF)

### Percent of clients leaving TANF who remain off at least one year



#### Goal:

Increase the percentage of families who remain self-sufficient after leaving TANF.

#### Target:

Return to or maintain FY 2002 actual performance levels.

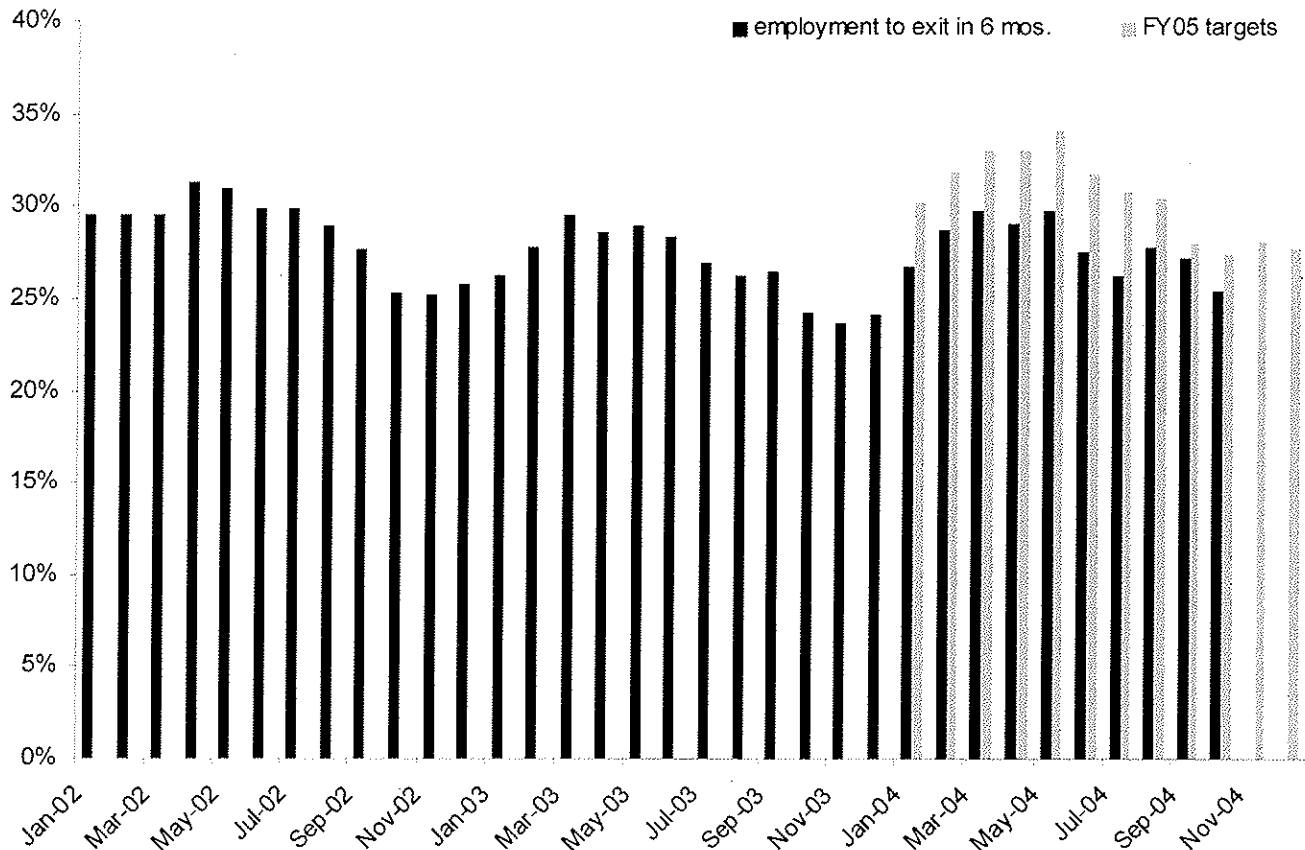
#### Experience to Date:

In April 2005, 62.9% of March 2004 exiters had been off TANF for twelve consecutive months. This is 2.9 percentage points above the target of 60.0%.



## WorkFirst Measure 3: Jobs Leading to Exits from TANF

### Percent of entering clients who get a job and leave TANF within six months



#### Goal:

Increase the number of clients moving from WorkFirst to employment to self-sufficiency.

#### Target:

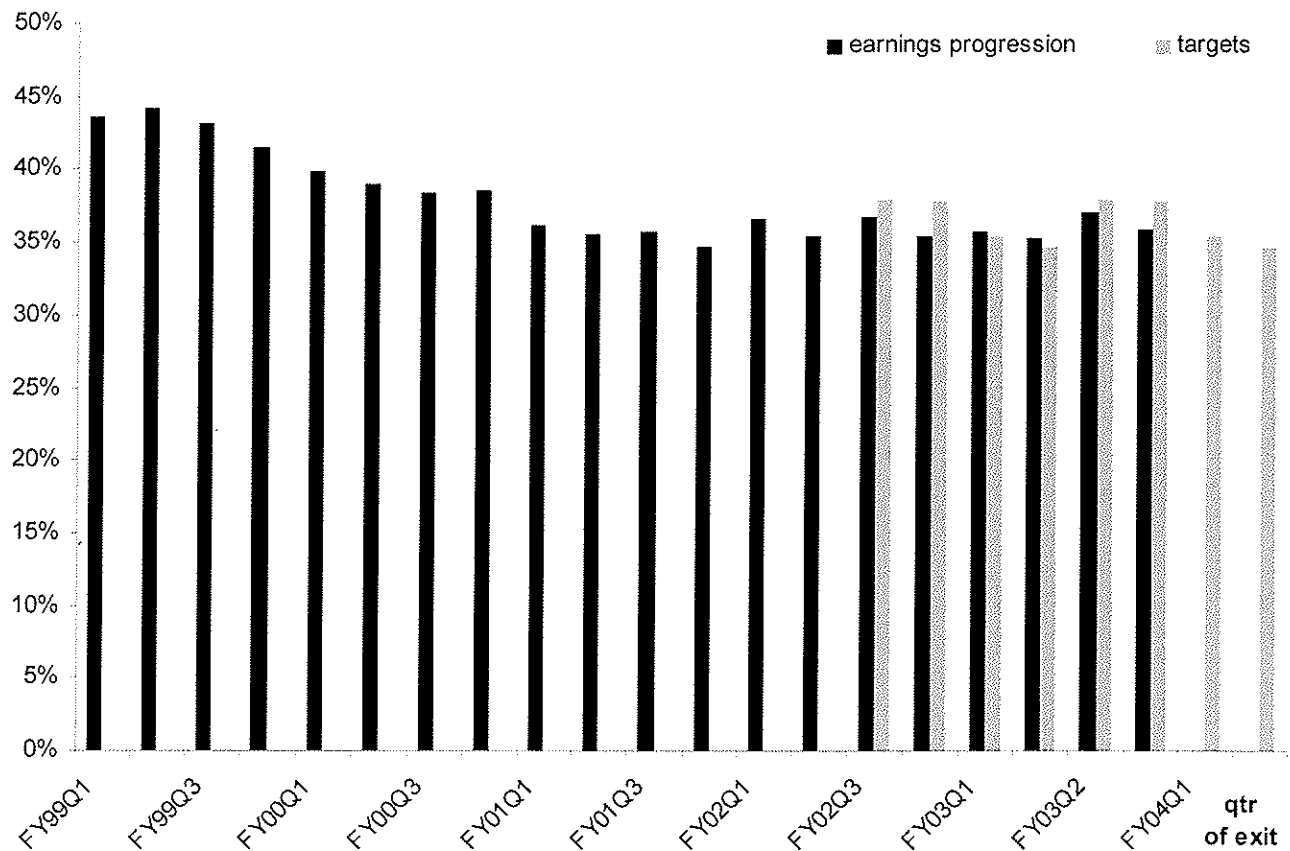
Return to or maintain FY 2002 actual performance levels.

#### Experience to Date:

Among clients who entered TANF in October 2004, 25.5% became employed and left TANF within six months. This is 2.0 percentage points below the target of 27.5% for this month.

## WorkFirst Measure 6: Percent Increasing Earnings

Percent of clients leaving welfare whose earnings increased by 10% after one year



### Goal:

Increase the earnings of former TANF recipients.

### Target:

Return to or maintain FY 2002 actual performance levels.

### Experience to Date:

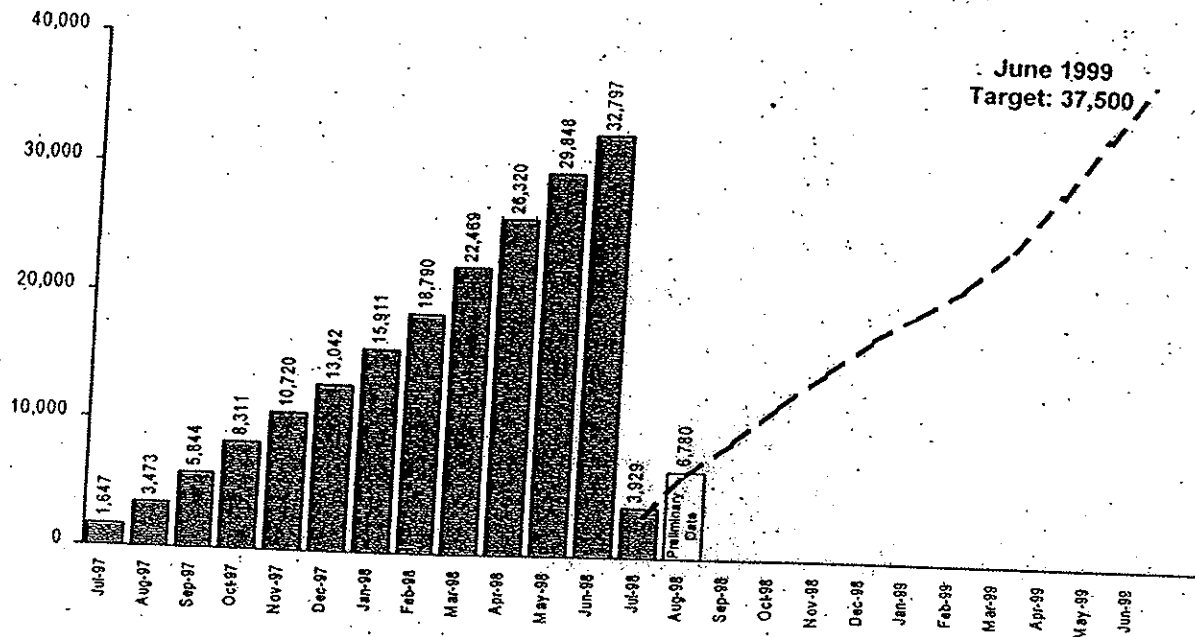
Among clients leaving TANF for work in **CHANGE** FY 2003 Q4, 35.9**CHANGE 29.7%** increased their earnings by at least 10% in the first year. This is 2.0 percentage points below the target of 37.9**CHANGE 44.7%**.

## **System Change and Performance Improvements, An Illustration**

- Placements into unsubsidized jobs
- Percent of adults working, looking for work, and preparing for work
- Enrollment in work-based tuition assistance

## WorkFirst Measure 2: WorkFirst Adults Entering Employment

**Placements Into Unsubsidized Jobs**  
(Cumulative)



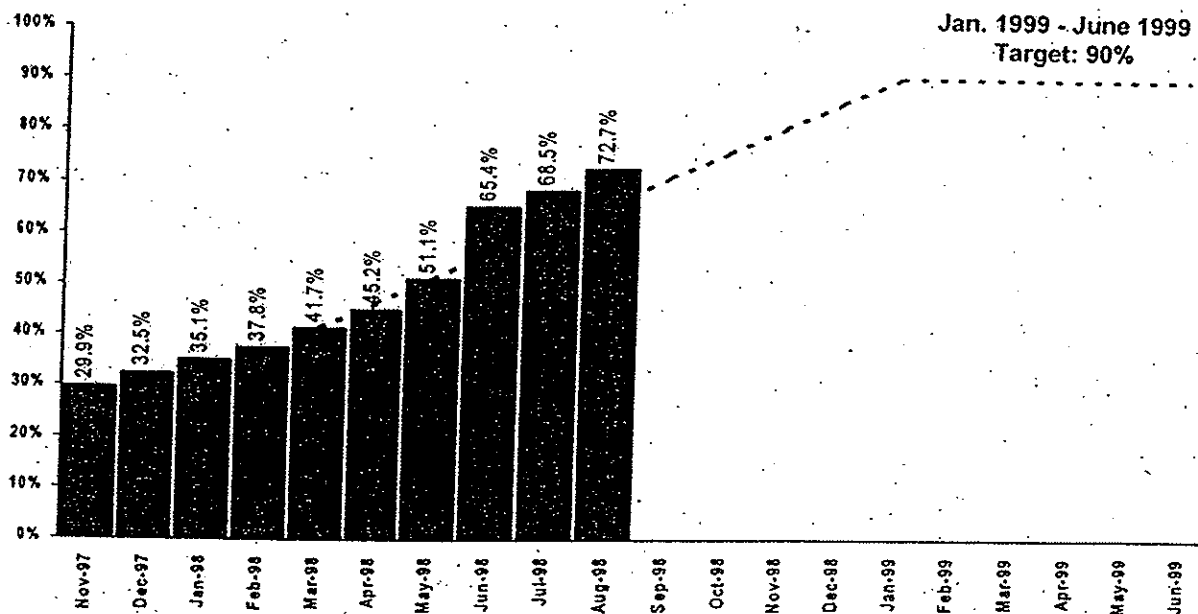
Updated September 11, 1998

<b>Goal:</b>	— Increase the placement of WorkFirst participants in unsubsidized jobs.
<b>Target:</b>	Increase job placements by 14% (4,700 participants) from Fiscal Year 1998 to Fiscal Year 1999.
<b>Experience to Date:</b>	From July 1997 to July 1998, ESD has increased monthly placements from 1,647 to 3,929.
<b>Comments:</b>	WorkFirst will face a considerable challenge in meeting the target, given the declining caseload and the larger share of participants already working.

## DEPARTMENT OF SOCIAL AND HEALTH SERVICES

### *DSHS Measure 1: Percent of Adults Working, Looking for Work, and Preparing for Work*

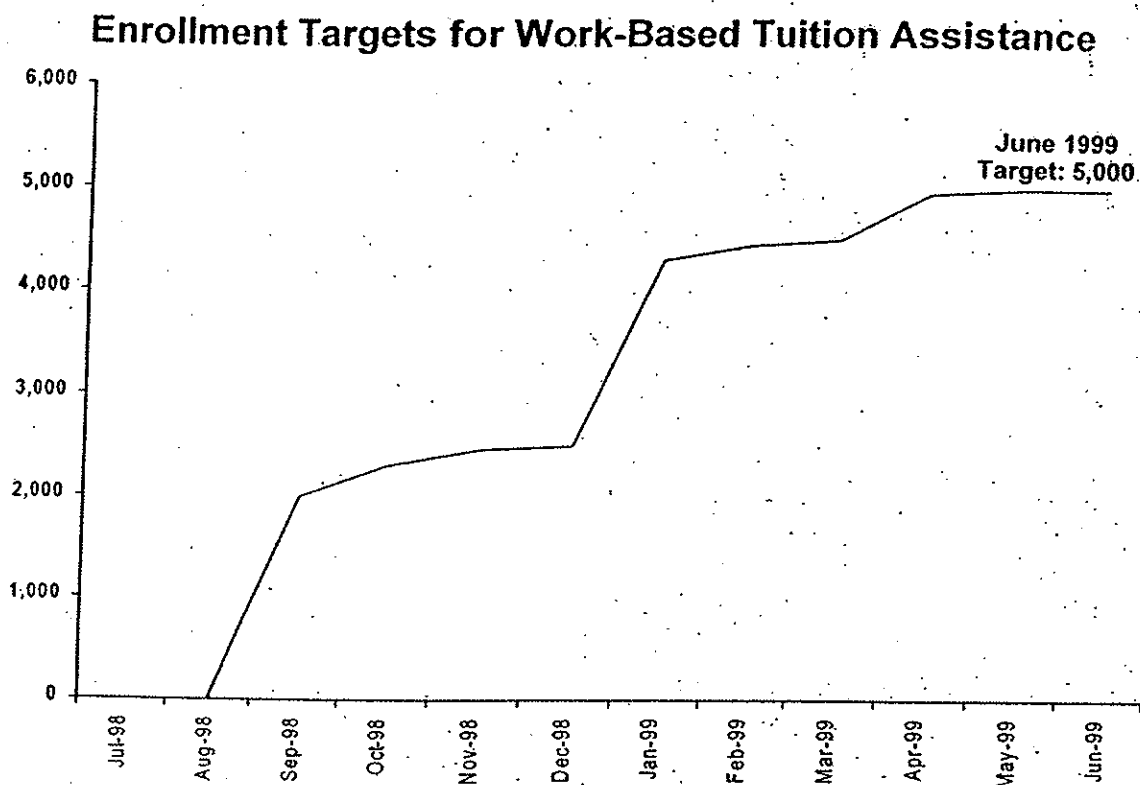
#### Percent of Adults Participating in WorkFirst



Updated September 17, 1998

<b>Goal:</b>	Increase the number of people on the caseload working, looking for work, or preparing for work or participating in other mandated services.
<b>Target:</b>	90% of the caseload will be participating by January 1999.
<b>Experience to Date:</b>	30% of non-exempt adults were participating in November 1997. By August 1998, participation reached 73%.
<b>Comments:</b>	This is the key management target for DSHS. Active participation by virtually all non-exempt adults is critical to meeting WorkFirst performance targets.

## SBCTC Measure 4: Enrollment in Work-Based Tuition Assistance

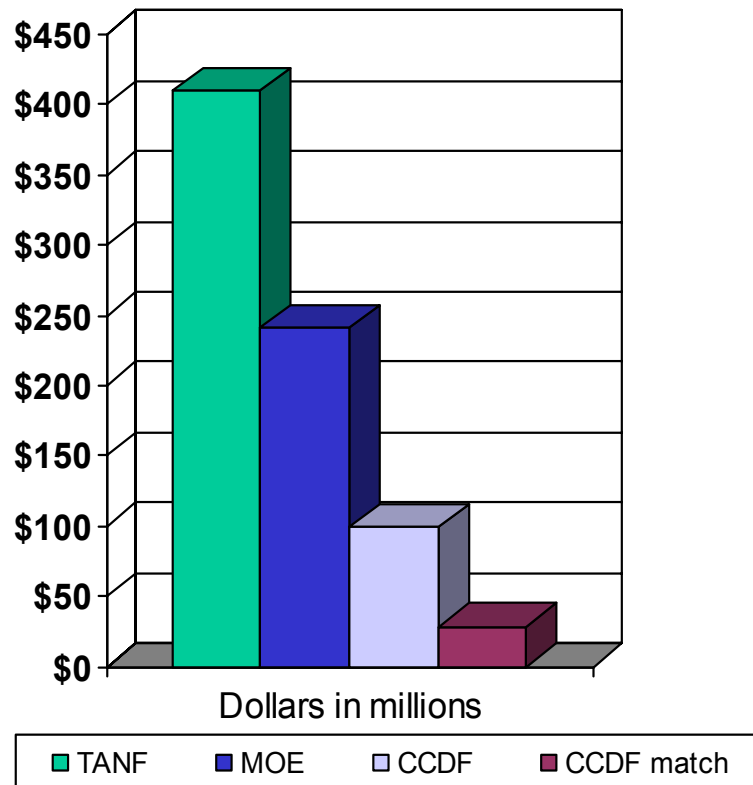


Updated August 24, 1998

<b>Goal:</b>	Assure the availability of financial assistance for training to WorkFirst participants who are employed, and to other low-wage workers.
<b>Target:</b>	Financial assistance to 5,000 participants who are working and in training for FY 1999.
<b>Experience to Date:</b>	Program will begin in September 1998.
<b>Comments:</b>	First data on actual enrollments anticipated in October 1998.

## Where the money comes from

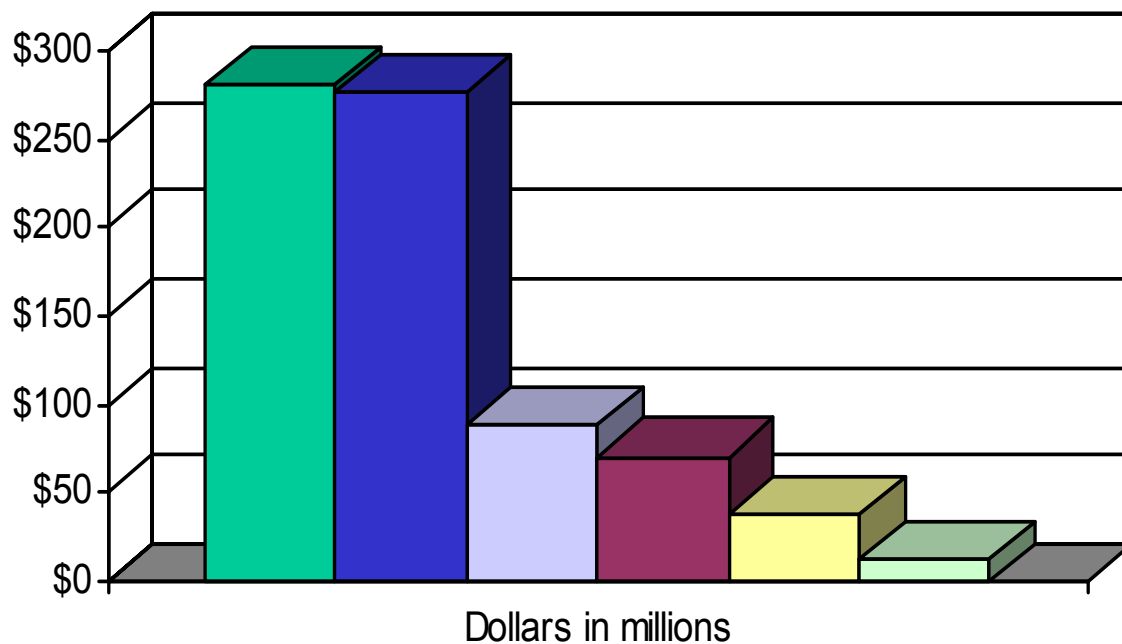
State Fiscal Year 2004



- Federal Temporary Assistance for Needy Families (TANF)
- Federal Child Care & Development Fund (CCDF)
- State Maintenance of Effort (MOE)
- Child Care & Development Fund (CCDF) match - GFS

## Where the money goes

State Fiscal Year 2004





# WorkFirst Preliminary Spending Plan

## Revised June '05

Item	Preliminary Fiscal Year 2006 Spending Plan	Preliminary Fiscal Year 2007 Spending Plan
Child Care Forecast <i>Child care forecast as of 2/'04 adjusted for current spending rates</i>	249,800,000	251,900,000
Child Care Contracts <i>Spending plan level</i>	24,268,855	24,268,855
TANF Grants <i>TANF projection</i>	283,500,000	284,900,000
Additional Benefits (grants for specifically identified needs) <i>SubCabinet decision - Holds maximum at \$750</i>	6,000,000	6,000,000
DSHS Local Contracts <i>Spending plan level</i>	7,804,300	7,804,300
DSHS Support Services <i>Assume will spend entire amount available</i>	5,000,000	5,000,000
DSHS Client Services and Support <i>Assume will spend entire amount available</i>	1,773,584	1,773,584
DSHS Diversion Assistance <i>Year end estimate based on current expenditure levels</i>	8,500,000	9,500,000
DSHS Financial and Social Support Services <i>DSHS estimates of future spending levels</i>	87,000,000	87,000,000
DSHS Overhead <i>DSHS estimates of future spending levels</i>	15,000,000	15,000,000
DSHS Other (Children's Admin) <i>Assume will spend entire amount available</i>	38,028,000	38,028,000
ESD Support Services <i>Assume will spend entire amount available</i>	3,909,790	3,909,790
ESD Job Placement Services <i>Includes \$10m/year reduction directed by Governor</i>	18,057,421	18,057,421
SBCTC Contract <i>Assume will spend entire amount available</i>	23,891,600	23,891,600
CTED Community Jobs and Other Small Projects Contract <i>Assume will spend entire amount available</i>	14,906,000	14,906,000
OFM WorkFirst Contract <i>Assume will spend entire amount available</i>	508,000	508,000
Tribal TANF programs <i>Costs could increase if Tribal TANF programs are developed.</i>	32,805,000	32,805,000
<b>TOTAL TANF BOX EXPENDITURES</b>	<b>820,752,550</b>	<b>825,252,550</b>
Current Revenue Estimates	792,650,754	792,650,754
<b>Difference</b>	<b>(28,101,796)</b>	<b>(32,601,796)</b>
Potential Revenue Loss	(12,700,000)	(12,700,000)
Shortfall assuming revenue loss	(40,801,796)	(45,301,796)

## Priorities of the WorkFirst Program

Dollars in millions

**Background:** In June 2004, the Governor's WorkFirst SubCabinet 2 (Sub 2) engaged in a Priorities of Government-style exercise to compile a list of program and policy priorities, including reductions in the program, to guide possible cost-cutting exercises. The WorkFirst SubCabinet subsequently approved the list of priorities. The list was re-examined and validated by Sub 2 on November 29, 2004.

<b>PRIORITIES</b>	<b>04 Budget</b>	<b>Change</b>	<b>Total (millions)</b>
<b>Income Supports</b>			
TANF Grant	276.0	0.0	276.0
<input type="checkbox"/> Full-family sanction for those in sanction 3+ months	0.0	(14.0)	(14.0)
<input type="checkbox"/> Hard 60-month time limit (no CSNP or "Playing by the Rules" categories)	0.0	(13.5)	(13.5)
Child Support (parental responsibility)	77.0	0.0	77.0
Diversion (tighten diversion)	5.4	(2.0)	3.4
Tribal TANF cost (75% MOE for tribes)	26.3	(0.5)	25.8
<b>Maintaining a Job</b>			
Child care subsidies (reduce child care eligibility to 175% FPL)	255.0	(13.0)	242.0
Child care contracts (reduce non-TANF)	22.0	(1.0)	21.0
Transportation	6.0	0.0	6.0
Barrier Removal, including client services, language, counseling & medical testing, and (other) support services	10.0	0.0	10.0
Case Management (DSHS staff)	78.0	0.0	78.0
Support Services (other)	3.0	0.0	3.0
Community Jobs and other CTED (Reduce Business Outreach)	15.0	(0.3)	14.7
Work Study	2.0	0.0	2.0
CJST (Reduce for non-TANF)	15.0	(8.0)	7.0
Other E & T (Reduce for non-TANF)	6.7	(2.0)	4.7
Job placement services, including WPLEX (reduce for Non TANF and business outreach)	28.0	(1.1)	26.9
<b>Other</b>			
Overhead	10.0	0.0	10.0
OFM WorkFirst contract	0.5	0.0	0.5
Additional benefits (AREN)	6.3	(6.3)	0.0
Child Welfare Services	38.0	0.0	38.0
<b>TOTAL*</b>	<b>880.2</b>	<b>(61.7)</b>	<b>818.5</b>

\* Recalculated to reflect entire column, March 2005